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Country : Indonesia

Subject : Comments on the Political Situation
25X1A6a

Place Acquired: [REDACTED]

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1. In our dealings with the Indonesian government we have found the Masjumi to be the most level-headed individuals so far as the problems of the oil industry are concerned. During my recent trip I talked with Mohamad Roem of the Masjumi and Sarmidi Mangunsarkoro of the Partai Nasional Indonesia (PNI). Both have been in the cabinet and both are cognizant of the petroleum industry problems. Roem appeared to be more sympathetic of the two so far as the petroleum industry was concerned.
2. The Communists seem to have become much more aggressive in recent months. Formerly their activities were confined to SOBSI and the petroleum union, PERBUM. Now they are entering politics and taking a definite part in the policies of the government. Guerilla activity seems to be on the increase and the guerilla elements are much bolder than formerly. However, their principal efforts now seem to be directed toward stealing rather than political pressure. They have more of the characteristics of roving bands of bandits than revolutionaries.
3. Bataafsche Petroleum Maatschappij (BPM) and PERBUM are in the process of labor negotiations, an almost constant situation. BPM recently raised wages for certain classes of workers without previously advising PERBUM. This move upset the PERBUM strategy and the local line and placed PERBUM in an extremely embarrassing situation. They have not quite recovered and the present negotiations seem to be aimed at their saving face.
4. The few remaining Dutch experts are leaving Indonesia. The one thing that Indonesia needs more than anything else is for these people to remain in order that Indonesians may be trained to take over the functions of government and industry. The natives are in no position to govern and develop industry without Dutch advice. In talking with individual Indonesians one forms the opinion that the opposition to the Dutch is not a personal thing but a government policy. Most of the rational natives will willingly admit that they need help and express regret at the departure of the Dutch.
5. In some ways the Indonesian country side looks pretty good. When I visited Java and Sumatra following World War II the countryside was pathetic. Outside the cities the country looks very much like the pre-war landscape. The cities still are rundown. Even public buildings are badly in need of maintenance.

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6. The local governments seem to be functioning quite well but the national outlook is gloomy. Some sections of the national government seem to be doing an efficient job. Their customs service works very well. Our tankers clear Indonesian ports in record time and the formalities are well handled.
7. There is a great deal of interest in the coming Indonesian elections. The Masjumi are eager for these elections to come off but PNI is reluctant. PNI will probably drag its feet until they can rally some more support. Indonesians vote for individuals and not for parties thus the elections may put together a strange group of characters in parliament. Foreign capital seems to be supporting the Masjumi in these coming elections. Just how active this support might be and whether it goes past moral support is not known. Any financial support by foreign capital is probably on a personal basis in order to promote good will.

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